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May 3, 1983

Robert R. Lee, Esq.
1000 Santa Monica Boulevard
Suite 321
Los Angeles, California 90067

Re: Omar V. Garrison--Biography

Dear Mr. Lee:

In accordance with our meeting of April 25, 1983, the purpose of this letter is to set forth the proposal of New Era Publications for settlement of the issues arising out of the Agreement to write a biography of L. Ron Hubbard ("LRH") by and between Ralston-Pilot and AOSH DK Publications (now known as New Era Publications) dated 30 October 1980 (the "Agreement"). In the following paragraphs I intend to outline in general terms the various points which form the basis of our proposal and which will be covered in a settlement agreement. For purposes of this discussion the parties will be referred to as follows: Omar V. Garrison ("OVG") and New Era Publications ("NEP").

It should be clearly understood that this letter and the matter stated herein is for settlement purposes only. It should not be inferred from this correspondence that NEP has in any way admitted that OVG has not breached the Agreement or that NEP is not entitled to damages flowing from any of OVG's breaches of the Agreement. The following is a summary of major provisions to be inserted into a proposed settlement agreement and is not intended to be all inclusive.

Robert R. Lee, Esq.
May 3, 1983
Page -2-

1. The parties confirm for this proposed settlement agreement that OVG had permission to use the personal and/or private files and records of LRH and of Mary Sue Hubbard and Churches of Scientology, including but not limited to personal letters, journals, diaries, tapes, photographs and other documents, or copies thereof ("Papers") provided by LRH, Mary Sue Hubbard, any Church of Scientology, or their agents, some of which papers are the subject of that certain lawsuit in the Superior Court of the County of Los Angeles, entitled Church of Scientology v. Gerald Armstrong, Case No. C 420 153, (the "Suit"), for the sole purpose of writing a biography of LRH. It is understood that OVG, and his agents, including Gerald Armstrong, do not presently have the right to possess these papers. It is further understood and agreed that OVG, and all his agents, never had, and do not now have, an ownership interest in the papers.
2. OVG will deliver to NEP all Papers and copies thereof in his possession or in the possession of his agents, which were given to him in connection with the biography. In addition, OVG will deliver to NEP all his work product created in connection with the biography, and all copies thereof, including but not limited to, audio and video tapes of interviews, photographs, notes, newspaper clippings, films, documents and any and all other material which OVG acquired, from whatever source, on the subject of LRH and Scientology.
3. OVG will submit to a voluntary interview by Barrett S. Litt, Stephen A. Lenske and/or Sherman D. Lenske to discuss all issues arising out of the Suit, and to clarify Mr. Armstrong's relationship with OVG in connection with the biography. After the settlement agreement is signed, OVG will cooperate with Messrs. Litt and Lenske in giving declarations regarding the foregoing and will make himself available for deposition by Mr. Litt in the Suit, should the same be necessary.
4. The parties mutually agree to retain the confidentiality of the settlement agreement except as required by paragraph 3 above and except as permitted by LRH or Mary Sue Hubbard or NEP or as may be

Robert R. Lee, Esq.
May 3, 1983
Page -3-

required by a court of competent jurisdiction or in connection with the enforcement of the settlement agreement.

5. The parties mutually agree to refrain from harassing each other. In the settlement agreement we will **attempt to be more specific**. Since neither the Church or NEP has intentionally committed any acts of harassment against OVG, it will be necessary for you to provide me with the specific instances of harassment so that I can adequately draft the proscription.
6. The parties agree to rescind the Agreement. OVG shall deliver to NEP the manuscript and all copies thereof completed to date of the settlement agreement. OVG covenants not to publish a biography of LRH, or Mary Sue Hubbard, or to collaborate, either directly or indirectly, with another for the purpose of writing and/or publishing such a biography. NEP shall have full rights to use the manuscript; however, it shall not use OVG's name in connection therewith.
7. The contempt action currently pending against OVG in Utah in connection with the Suit shall be dismissed with prejudice.
8. The parties shall mutually release each other with respect to all issues arising out of the Agreement and the Suit.
9. The settlement agreement shall contain the boilerplate language usually found in such settlement agreements.
10. The consideration payable to OVG, as discussed below, shall be payable as follows:
 - (a) One-half (1/2) upon execution of the settlement agreement;
 - (b) The balance to be placed in escrow and shall be payable upon delivery of all Papers and other material, including manuscript and work product, required to be delivered under the settlement agreement, and provided that the voluntary interview by Mr. Litt, et al. has occurred.

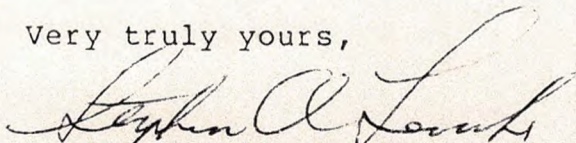
Robert R. Lee, Esq.
May 3, 1983
Page -4-

11. OVG represents, as of the settlement agreement, that he is not represented by any counsel who has in the past or is currently representing a party, or parties, suing the Church of Scientology, LRH or Mary Sue Hubbard. OVG covenants that he will not in the future retain the services of such an attorney.

Finally, we come to the matter of consideration. NEP is willing to pay to OVG the sum of Fifty Thousand Dollars (\$50,000.00) plus One Thousand Dollars (\$1,000.00) in attorneys' fees. This is more than NEP is obligated to pay under the Agreement, which NEP steadfastly maintains is binding and in full force and effect. NEP is willing to pay OVG for his time, notwithstanding the fact that there will probably not be a completed manuscript. If OVG believes more is justified, he should provide an accounting of the basis for the request. Additionally, should OVG consider the need for other provisions to be inserted in the proposed settlement agreement, such should be communicated to me in writing.

Our client has instructed us to put a limit of ten (10) days from the date hereof on this proposal. We thus look forward to hearing from you at the earliest possible date.

Very truly yours,



Stephen A. Lenske
of Lenske, Lenske, Heller & Magasin
A Law Corporation

SDL/jb

cc: Sherman D. Lenske
Barrett S. Litt, Esq.